GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:240
ANSWERED ON:01.03.2002
WTO RULING ON AUTO LICENCING REGIME
VSM (RETD.) COL. CHOUDHARY

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the attention of the Government has been drawn to the news-item captioned `WTO panel rules againstIndia on auto licencing regime` appearing in the `Times of India` dated January 6, 2002;

(b) if so, the facts of the matter reported therein;

(c) the reaction of the Government thereto;

(d) whether WTO panel have fully supported the contention of the European Union and USA on almost every point thereby leaving India with little chance of success in case it decides to go in for an appeal; and

(e) if so, the remedial measures the Government propose to take in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI RAJIV PRATAP RUDY)

(a) to (e) : Government is aware of the findings of the World Trade Organisation`s (WTO) panel in the dispute `India-Measures Affecting the Automotive sector`. The panel inter alia examined Public Notice 60, the auto component licencing policy issued under the Foreign Trade Development and Regulation Act 1992.The panel held that Public Notice 60 and the consequent Memorandum of Understanding (MOU) including provisions related to indigenisation requirement and Trade Balancing requirement are inconsistent with relevant provisions of WTO (Art III and Art XI of GATT (1994).The panel separately looked into the changes in Indian Policy after 1st April, 2001 as regards the effect they have on the indigenisation and Trade balancing obligations and found that these measures have not corrected the inconsistency and has requested India to bring its measures into conformity with its obligations under WTO Agreements.

The panel report has not yet been adopted by the Dispute Settlement Body (DSB) of the WTO as India has lodged an appeal within the stipulated time on certain issues of law covered in the panel report.